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JAN 14 2005

DIV. OF OIL, GAS & MINING

STATE OF UTAH
DEPARTMENT OF NATURAL RESOURCES
DIVISION OF OIL, GAS AND MINING

1594 West North Temple - Suite 1210

Box 145801

Salt Lake City, Utah 84114-5801

Telephone: (801) 538-5291

Fax: (801) 359-3940

ANNUAL REPORT OF MINING OPERATIONS

The informational requirements of this form are based on provisions of the Mined Land Reclamation Act, Title 40-8, Utah Code Annotated 1953, as amended, and the General Rules as promulgated under the Utah Minerals Regulatory Program. An operator conducting mining operations under a Notice of Intention must file an annual operations and progress report (FORM MR-AR) with the Division.

I. General Information

1. Report Time Period: From (mo./yr.) 01/2004 To (mo./yr.) 01/2005
2. DOGM File Number (Mine No): M370040
3. Mine Name: Velvet Mine
4. Mineral(s) Mined (or permitted to mine): Uranium
5. Type of mine: ☐ Surface Mine or ☒ Underground Mine
6. Legal Description (Location of Lands Affected):
1/4, SE 1/4, NE 1/4, Section 3, Township 31S, Range 2SE
1/4, NW 1/4, SE 1/4, Section 3, Township 31S, Range 2SE
1/4, NW 1/4, SW 1/4, Section 3, Township 31S, Range 2SE
7. Name of Operator or Company: U.S. Energy Corp
8. Permanent Street Address: 877 North 8th West
City, State, Zip: Riverton, WY 82501
Phone: (307) 856-9271 Fax: (307) 857-3050
9. Company Representative (or designated operator):
Name: Fred Craft
Title: Director of Regulatory Affairs
Business Address: 877 North 8th West
City, State, Zip: Riverton, WY 82501
Phone: (307) 856-9271 Fax: (307) 857-3050
☐ Please check if any of the above information has changed since previous year.

II. Mining and Reclamation

1. Was there any mine related activity during the past year? Yes ☐ No ☒
2. If no - what was the last year of activity? 2003
3. If yes - how much ore or mineral was mined? _____

Reviewed
1/25/05
ppb

4. Briefly describe the type of work performed, volume of material moved, and any new or additional surface disturbances that occurred during the past year.

None

5. How much **additional acreage** was disturbed during the past year? None
6. How much acreage was **reclaimed** during the past year? None

7. Briefly describe the reclamation work performed during the past year. This description should include methods employed, and an evaluation of the results.

None

8. What is the **total disturbed acreage of entire project** at years end? 21.9 Ac.

9. Briefly summarize any mining and/or reclamation plans for the upcoming year.

Inspect and repair as needed during vegetation growth.

NOTE: Section III., "Additional Information" applies only to **large mining operations**.

III. Additional Information - R647-4-121.2 and .3

1. **The operator shall include an updated map depicting surface disturbance and reclamation performed during the year**, prepared in accordance with Rule R647-4-105.
2. The operator shall keep and maintain timely records relating to his performance under the Act, and shall make these records available to the Division upon request.

IV. Signature Requirement

I hereby certify that the foregoing is true and correct.

Name (Typed or Print): Fred Craft

Title of Operator: Director of Regulatory Affairs

Signature of Operator: Fred Craft

Date: 01/11/05



plateau resources, Inc.
877 N. 8th W.
Riverton, WY 82501
phone (307) 856-9271
fax (307) 857-3050

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JAN 14 2005
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m/017/001
5/017/017
m/037/040*

January 12, 2005

Mr. Darron R. Haddock
Permit Supervisor
State of Utah
Department of Natural Resources
Division of Oil, Gas and Mining
1594 West Temple, Suite 1210
P.O. Box 145801
Salt Lake City, UT 84114-5801

Re: 2004 annual Reports for Tony M/Lucky Strike, Frank M, and Velvet Mines

Dear Mr. Haddock:

Please find enclosed the completed 2004 annual reports for the Tony M/Lucky Strike Mine Permit No. M170001, Frank M. Mine Permit No. S170017, and Velvet Mine No. M370040.

All three mine sites have been reclaimed. Please contact me if you have any questions in regards to these submittals.

Sincerely,
Plateau Resources, Limited

A handwritten signature in cursive script, appearing to read "Fred Craft".
Fred Craft